



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

2010-2011 Estimates Part III

Report on Plans and Priorities



Minister's Message

Recent economic times have proven challenging. The slowdown in global markets has made it more important than ever that the Government of Canada stay the course in its commitment to supporting businesses and communities, and to helping diversify and strengthen our economy.

Through the Atlantic Canada Opportunities Agency (ACOA), our government is committed to Atlantic Canada, its people, and their potential. That is why it is investing more than \$135 million in the region over two years under the Community Adjustment Fund and the Recreational Infrastructure Canada Program – federal stimulus initiatives that are providing real help to Atlantic Canadian communities while laying the groundwork for future economic growth.

The Agency's support to Atlantic Canada is making a vital difference in the regional economy. Indeed, between 2003 and 2008, each dollar ACOA invested directly in Atlantic Canada helped to increase the region's gross domestic product by more than \$7. In the coming year, the Agency will continue to play a critical role in the region's recovery as it helps people, businesses and communities establish a foundation for long-term, sustainable prosperity.

In 2010-2011 ACOA will continue to work with its government and private sector partners to build competitive and sustainable communities and businesses across Atlantic Canada. The Agency's policies and programs will foster economic growth by encouraging increased investment in the region, and by supporting research and development that leads to the commercialization of Atlantic companies' innovative, ground-breaking technologies.

The Agency will also continue advancing the Atlantic Gateway by expanding international trade opportunities in such emerging markets as India, South Asia, and the Americas.

I am pleased to present ACOA's annual *Report on Plans and Priorities*, which details the Agency's priorities, activities and goals for the coming fiscal year.



The Honourable Keith Ashfield
Minister of National Revenue,
Minister of the Atlantic Canada Opportunities Agency,
and Minister for the Atlantic Gateway

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Section 1: Agency Overview

1.1 Summary Information

1.1.1 Raison d'être and Responsibilities

The Atlantic Canada Opportunities Agency (ACOA) works to create opportunities for economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with communities to develop and diversify local economies, and by championing the region's strengths in partnership with Atlantic Canadians. It plays an important role in developing and supporting policies and programs that strengthen the region's economy. This work addresses the Agency's mandate "... to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region." (Part I of the *Government Organization Act, Atlantic Canada 1987*, R.S., c G-5-7, also known as the *Atlantic Canada Opportunities Agency Act*)

Established in 1987, ACOA is the federal department responsible for the Government of Canada's economic development efforts in the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

ACOA's head office is in Moncton, New Brunswick. Offices are located in all four provincial capitals in Atlantic Canada, each led by a regional vice-president. The Agency also provides services via a range of local field offices throughout the four provinces. In addition, through its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in both the policies and programs developed by other departments and agencies of the federal government.

Although the Agency's policies and program tools have changed since its inception, the overall goal remains constant. ACOA helps the Atlantic region to realize its full economic potential in terms of productivity, competitiveness and growth.

The full economic potential is achieved by identifying and addressing structural challenges in the economy, helping communities and businesses to overcome barriers, and finding new opportunities for growth. ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

1.2 Strategic Outcome and PAA

The diagram below illustrates ACOA's strategic outcome and Program Activity Architecture (PAA). The Agency's program activities and program sub-activities are aligned to the strategic outcome of a competitive Atlantic Canadian economy.

The PAA reflects the results of policy research and analysis, periodic review of program effectiveness, ongoing dialogue with stakeholders in the region, and the priorities and directions of the Government of Canada.

Strategic Outcome	Program Activities ¹	Program Sub-activities
A competitive Atlantic Canadian economy	Enterprise Development	Innovation
		Entrepreneurship and Business Skills Development
		Trade
		Investment
	Community Development	Financing Continuum
		Community Mobilization
		Community-based Business Development
		Community Investment
	Policy, Advocacy and Coordination	Infrastructure Programming
		Policy
		Advocacy
	Internal Services	Coordination
		Governance and Management Support
		Resource Management Services
	Internal Services	Asset Management Services

¹ For descriptions of ACOA's program activities, refer to the publication *2010-2011 Estimates Parts I and II, The Government Expense Plan and The Main Estimates* online at <http://www.tbs-sct.gc.ca/est-pre/20102011/p2-eng.asp>.

1.3 Planning Summary

1.3.1 Financial and Human Resources

Financial Resources (\$ millions)

2010-2011	2011-2012	2012-2013
382.1	298.1	296.0

The \$86.1 million difference in funding from 2010-2011 to 2012-2013 includes \$74.4 million relating to the sunsetting of funding for Canada's Economic Action Plan (CEAP) initiatives. For other key adjustments in planned spending over this period, see subsection 1.5 titled Expenditure Profile.

Human Resources (Full-time Equivalents)

2010-2011	2011-2012	2012-2013
711	711	711

ACOA was able to absorb the workload associated with the delivery of CEAP initiatives by a temporary reallocation of resources. The timelines for delivery of the Budget 2009 initiatives were such that recruitment of new resources was not the most feasible option. Instead, highly experienced personnel were reassigned for short periods of time to the delivery of CEAP initiatives. This reallocation of resources resulted in a deferral, reduction and/or refocusing of some of the Agency's activity, such as proactive capacity building. Although the level of activity for CEAP initiatives will be reduced, residual responsibilities related to the management of this portfolio will extend beyond 2010-2011. The impact of the termination of CEAP initiatives on workload and reallocation of personnel will be determined in the next planning cycle.

1.3.2 Activity Planning Summary Table

Strategic Outcome: A competitive Atlantic Canadian economy.

Performance Indicator	Five-year Target (2008-2009 through 2012-2013)
Increase in Atlantic GDP for every dollar of ACOA expenditure in direct support of business (under review)	\$4.50

Program Activity	(\$ millions)				Alignment with Government of Canada Outcomes
	Forecast Spending	Planned Spending			
	2009-2010	2010-2011	2011-2012	2012-2013	
Enterprise Development ²	197.8	174.3	161.3	161.4	Strong Economic Growth
Community Development ³	157.9	160.4	89.3	87.2	Strong Economic Growth
Policy, Advocacy and Coordination	13.7	11.5	11.5	11.4	Strong Economic Growth
Internal Services	40.4	35.9	36.0	36.0	
Total Planned Spending	409.8	382.1	298.1	296.0	

² Includes \$40.8 million in 2011-2012 and 2012-2013, pending Treasury Board approval of reference level adjustment.

³ The difference in funding available to ACOA from 2010-2011 to 2012-2013 relates to the sunsetting of funding for Canada's Economic Action Plan initiatives. For further information, see subsection 1.5 Expenditure Profile.

1.3.3 Contribution of Priorities to Strategic Outcome

Operational Priority	Type ⁴	Link to Strategic Outcome	Description
Productivity and competitiveness	Ongoing	A competitive Atlantic Canadian economy (Program activities: Policy, Advocacy and Coordination; and Enterprise Development)	Why this is a priority: To better align the productivity and competitiveness priorities of the Agency, considering the context of the recent global economic situation, and to increase SMEs' likelihood of success in domestic and export markets. Plans to meet the priority: Provide analysis, coordination and advocacy support, and continue to emphasize how the reinforcement of Agency programs and activities is relevant to the national priorities and to emphasize their critical role in delivering the federal agenda in the region. The Agency will also foster improved productivity and competitiveness in Atlantic Canadian companies through measures such as research and development, acquiring advanced technologies, and investing in business skills development.
Innovation and commercialization	Ongoing	A competitive Atlantic Canadian economy (Program sub-activity: Innovation)	Why this is a priority: To ensure alignment with the Government of Canada's economic plan, Advantage Canada, as well as the goals and objectives of the federal Science and Technology (S&T) Strategy. Plans to meet the priority: The Agency will continue to increase activity in and build capacity for innovation, R&D, technology adoption/adaptation, skills development, and commercialization of R&D outputs that contribute to economic growth in Atlantic Canada.
International business development and strategic foreign markets	Previously committed to	A competitive Atlantic Canadian economy (Program sub-activities: Trade and Investment)	Why this is a priority: To ensure alignment with the Government of Canada's Global Commerce Strategy and the related Americas Strategy, and to capitalize to a greater extent on emerging markets such as India. Plans to meet the priority: In the spirit of Canada's Global Commerce Strategy, ACOA aims to provide excellent service to clients and partners to increase exports; to attract foreign direct investment; and to promote Atlantic Canada as an exceptional business partner. Among Canada's strategic foreign markets as identified in the Speech from the Throne and other national initiatives, ACOA aims to exploit a selection of markets where Atlantic Canada can succeed, namely the Atlantic Gateway, the Americas Strategy, the India Initiative, and the Canada-EFTA agreement.

⁴ Types are defined as:

- New (newly committed to for fiscal year 2010-2011)
- Previously committed to (committed to one or two fiscal years earlier, i.e. 2008-2009 or 2009-2010)
- Ongoing (committed to at least three fiscal years earlier, i.e. 2007-2008 or earlier)

Deliver on Budget 2009 – Canada's Economic Action Plan	Previously committed to	A competitive Atlantic Canadian economy (Program activity: Community Development)	Why is this a priority: Budget 2009 – Canada's Economic Action Plan will make significant investments in support of industries and communities impacted by the current international economic crisis. Plans to meet the priority: In collaboration with other levels of government, ACOA will ensure timely and effective delivery of federal funds, maximizing the economic impact of federal initiatives while maintaining the appropriate balance between rural and urban needs.
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Management Priority	Type	Link to Strategic Outcome	Description
Public Service Renewal and business/human resources integration	Ongoing	A competitive Atlantic Canadian economy (Program activity: Internal Services)	Why is this a priority: To support and focus on the four areas as enumerated in the 16th Annual Report to the Prime Minister on the Public Service of Canada. Plans to meet the priority: Led by its deputy minister, ACOA will continue its engagement in its multi-year effort to deliver on the public sector renewal commitments by focusing on integrated business and human resources planning, recruitment, employee development and enabling infrastructure.
Internal services	Ongoing	A competitive Atlantic Canadian economy (Program activity: Internal Services)	Why is this a priority: To effectively meet the ACOA management priorities identified in Round VI of the Management Accountability Framework (MAF) assessment, especially in relation to values and ethics, citizen-focused services, information management, financial management and control, and risk management. Plans to meet the priority: ACOA senior management has approved an ACOA MAF strategy that focuses on these five important areas of management. Action plans to best achieve the desired outcomes have been developed, and the resulting impacts will be re-evaluated through the next round of the MAF assessment.
Values and ethics	New	A competitive Atlantic Canadian economy (Program activity: Internal Services)	Why is this a priority: The Agency's senior management acknowledges that it is fundamentally important for all employees to understand and identify with the Public Service of Canada's democratic, professional, ethical and people values. Plans to meet the priority: ACOA has established a Values and Ethics Strategy, with a primary objective of promoting values and ethics in the Agency. Through this strategy, management will ensure that values continue to be embedded in the Agency's culture, and that an infrastructure is in place to strengthen and build on the already established sound practices to bring the function to the highest level possible.

1.4 Risks and Challenges

1.4.1 ACOA's Operating Environment

ACOA operates within a constantly changing regional, national, and global economic landscape. As the economy changes, the Agency faces risks in providing appropriate economic development programming and initiatives responding to current and emerging influences. Being proactive in identifying risks and opportunities requires the Agency to anticipate and assess external economic factors that can affect the design and delivery of its programs and services, and the achievement of strategic outcomes. Additionally, ACOA must identify factors and risks which could adversely affect its ability to effectively manage internal operations and management. As strategic risks are identified the Agency designs and implements mitigating measures to reduce the impact and likelihood of these risks.

The following provides an overview of Atlantic Canada's economic outlook and risk analysis.

1.4.2 Economic Outlook

Guided by the federal government's comprehensive long-term economic plan *Advantage Canada*, the Agency's plans and priorities, as well as the delivery of its programs and services, reflect the priorities of the Government of Canada.

The global recession has changed the context within which the federal government is operating, leading to the current priority of providing more immediate measures to encourage economic recovery. In the coming year, the Government of Canada will have a balanced focus on continued economic stimulus with prudent fiscal responsibility. ACOA will continue to be the region's primary instrument for delivering federal economic development programs, including measures under Canada's Economic Action Plan, the Community Adjustment Fund, and Recreational Infrastructure Canada.

According to most private sector forecasters' assessments, the economic recovery has begun in both Canada and the United States. Unfortunately, elevated unemployment levels, especially in the U.S., will continue well into 2010. Economic conditions have stabilized in Atlantic Canada, and job gains have now been registered in five of the last seven months, indicating that the employment situation is improving. Given that the recovery is underway, albeit at a muted pace, the region's economy is forecast to register a positive gain of 1.4% in 2010.

Over the course of the next few years, growth in the Atlantic Canadian economy will be driven by a combination of forces, including global economic trends, the macroeconomic outlook, regional dynamics, and Atlantic Canada's business and industrial structure. International competition from low-cost producers and a high exchange rate will continue to pose challenges to the region's limited manufacturing base and seasonal industries. A high level of out-migration from the region, along with a low birth rate and levels of immigration, remain concerns

regarding the future supply of a skilled labour force, posing a significant risk to economic growth in Atlantic Canada over the medium term.

In order to maintain the standard of living for the region's people, productivity levels in Atlantic Canada need to improve. A number of factors continue to contribute to lower levels of productivity in Atlantic Canada relative to the national economy, and fall directly within ACOA's mandate: lower trade exposure, less research and development (R&D) spending, lower levels of worker training and managerial skills, and under-investment in machinery and equipment (technology adoption). Raising productivity levels requires higher rates of business investment in machinery and equipment, greater levels of research and innovation, more effort placed on developing a skilled and educated workforce, and more spending on infrastructure.

The ongoing economic restructuring in Atlantic Canada's rural areas has been negatively affected by the recession. Resource industry closures, particularly in the forest products sector, have had a significant impact on the region's rural communities. Many of these communities are also relatively remote from urban economies, where economic growth is diversifying and increasingly knowledge-based. Resource-based industries will continue to be important for regional development, but need to be repositioned to encompass more knowledge content so they can remain globally competitive, can deliver more value-added production, better jobs, higher value exports, and more resilient rural communities. Current initiatives in the region's resource-based industries are focused on ensuring a more competitive forest products industry, more diverse uses of potatoes and other agricultural products, a more sustainable fishery with emphasis on aquaculture and marketing, and further advances in mining and energy technologies.

1.4.3 Key Risks, Opportunities and Strategies

Risk analysis recognizes that ACOA must operate in an environment where both external and internal risks and opportunities impact on the Agency's policies and programs.

External Factors

Skilled Labour Force

As seen earlier in the previous subsection, concerns remain regarding the future supply of a skilled labour force, posing a significant risk to economic growth in Atlantic Canada over the medium term. The Agency will look for supporting projects and initiatives which address the gaps, identified between the needs of the emerging economy and the attributes of the current workforce.

Productivity

A number of factors continue to contribute to lower productivity levels in Atlantic Canada, relative to the national economy, that may be addressed under ACOA's mandate. Attention by the Agency to promote new investment in a skilled workforce, and funding targeted at business infrastructure that supports technology adoption, are two primary methods of mitigation, as ACOA invests toward closing the productivity gap with the rest of the country.

Raising the levels of research and development (R&D) and innovation is fundamental to increasing Atlantic Canada's competitiveness and closing the productivity gap with the rest of the country. Through the Atlantic Innovation Fund, the Agency invests in large, cutting-edge R&D projects with the private sector and institutions such as universities and research institutes. The Business Development Program, via its innovation element, also provides funding for R&D projects and for the adoption/adaptation of leading-edge technologies.

In 2010-2011, ACOA's investments will contribute to leveraging funds from the private sector and other sources toward innovation projects, will encourage the development of partnerships for technology development and commercialization, and will increase the number of commercialized technologies, products, processes and services.

Resource Industries

Resource-based industries will continue to be important for regional development. These industries need to be repositioned. The required change is profound, and there is a risk that these industries and communities will not be able to effect the change, and will become less competitive globally. The Agency has applied several mitigation measures targeting the region's resource-based industries, such as promoting and supporting activities which foster a more diverse use of agricultural products and a greater emphasis on aquaculture and marketing.

Internal Factors

In the case of internal factors, the risks and mitigation associated with the primary product of the Agency – the funding of a project – are identified and evaluated through the application of a robust, comprehensive client/project risk rating system before funding is approved.

There are, however, issues which have the potential, should satisfactory mitigation not be achieved, to adversely affect the ability of the Agency to fulfill its objectives. These are identified as key risks and are included in the Corporate Risk Profile – the primary component of the ACOA Integrated Risk Management Framework.

By providing an independent analysis, the Agency's Audit Committee offers guidance to senior management by reviewing, at least annually, the key risks and the Agency risk arrangements, to ensure that there are no known misstatements or omissions.

Key Risks

The key risks are determined through an internal independent review with senior management, interviews with project delivery staff, and an analysis of related documentation and information. They are approved by ACOA's Executive Committee, and are monitored constantly to ensure implementation of appropriate mitigation measures.

Key Risk	Risk Mitigation Measures	Linkage to PAA ⁵
Efficiency Risk In consideration of potential pressures on resource levels, there is a risk that compensating efficiency gains are insufficient to maintain the Agency's ability to deliver on its mandate.	The Agency will apply information gained from a resource utilization review, evaluations, a strategic review, and program renewal to drive opportunities for efficiencies.	All program activities
Management Information Risk Risk that senior management does not have readily accessible, comprehensive, targeted data to understand the financial and program health of the organization and support decision making.	ACOA has performed well in providing management with ad hoc data for specific initiatives and ongoing activities. The Agency will focus on identification of key data to be reported on a regular schedule, with an effort to highlighting exceptions to benchmarks.	All program activities
People Management Risk The risk that ACOA's talent agenda (leadership, recruitment, training, promotion, work/life balance, competencies) does not adequately sustain the necessary workforce required to carry out the Agency's mandate in the future, and that the Agency experiences a significant loss of corporate memory and has difficulty implementing change management.	The Agency has undertaken several mitigating measures such as a resource utilization review, integration of HR and business plans, values and ethics training, a target of learning plans for all employees, and leadership initiatives. The Agency will monitor the results from these measures, to determine if expectations were met and the level of risk mitigated satisfactorily.	All program activities
Financial Accountability Risk The risk that ACOA will have difficulty fulfilling its responsibilities for compliance with Treasury Board requirements relating to financial management policies.	By fiscal year 2011-2012 ACOA must provide attestation that internal controls are designed properly and operating effectively. This will also provide assurance that the Agency's financial statements are auditable. An action plan is in place to meet these requirements. Emphasis will be placed on the documentation of Agency-wide processes and operations and the evaluation of supporting internal controls.	All program activities

⁵ Linkage to relevant program activity of ACOA's Program Activity Architecture (PAA).

1.5 Expenditure Profile

Forecast and planned spending amounts by program activity for the period 2009-2010 through 2012-2013 are provided earlier in this document, under paragraph 1.3.2 titled Activity Planning Summary Table.

Planned spending of \$382.1 million in 2010-2011, compared to the 2009-2010 forecast spending of \$409.8 million, represents a total decrease of \$27.7 million from the previous year. This results from a number of normal business practices and procedures (including the sunseting of funding for certain programs and initiatives for which the Agency is seeking renewal).

Sunseting of programs:

- \$30.0 million decrease through sunseting of funding for the Atlantic Investment Partnership – Round II; and
- \$2.1 million decrease through sunseting of funding for the Community Futures Program.

Normal cash flow variations:

- \$13.7 million net increase in requirements under Canada's Economic Action Plan initiatives; comprising a \$13.9 million increase under Recreational Infrastructure Canada and a \$0.2 decrease under the Community Adjustment Fund;
- \$4.5 million decrease in requirements under the Business Development Program relating to normal cash flow fluctuations; and
- \$4.8 million decrease from what was available in 2009-2010, including an operating budget carry forward, personnel costs, and operational funding for the delivery of infrastructure programming.

The Agency's planned spending is at approximately the same level for the following two fiscal years, specifically \$298.1 million in 2011-2012 and \$296.0 million in 2012-2013.

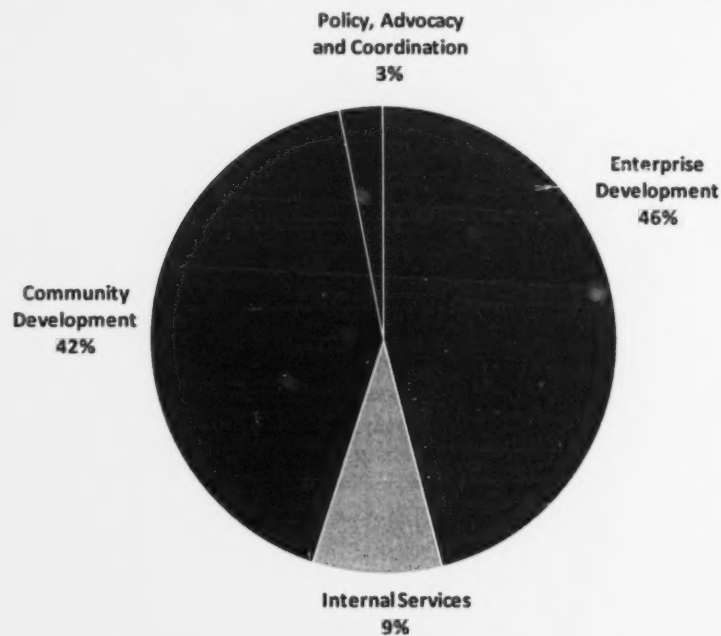
The majority of the \$86.1 million difference in funding available to ACOA from 2010-2011 to 2012-2013 relates to the sunseting of funding for the initiatives related to Canada's Economic Action Plan, specifically:

- \$50.1 million relates to the Community Adjustment Fund; and
- \$24.3 million relates to the Recreational Infrastructure Canada initiative.

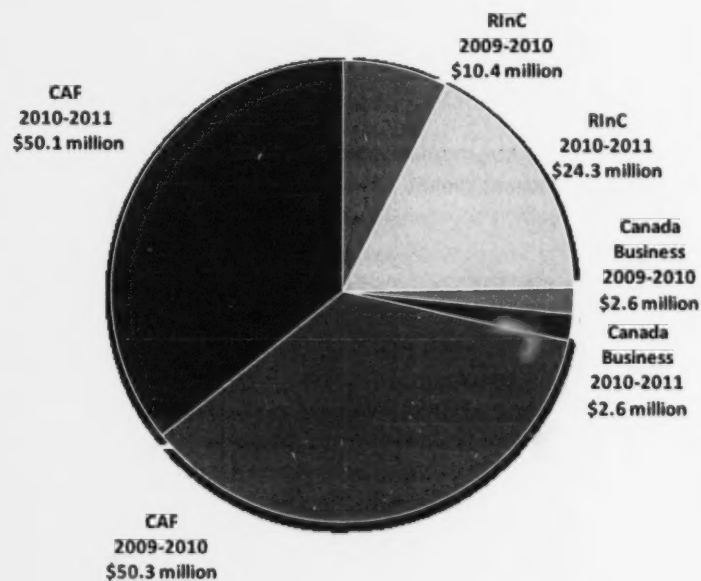
Other key adjustments include:

- \$9.1 million decrease related to the collection of repayable contributions;
- \$2.5 million decrease for the Official Languages Action Plan; and
- \$0.1 million decrease in other requirements such as student employment and operational funding for the delivery of infrastructure programming.

1.5.1 Planned Spending by Program Activity 2010-2011



1.5.2 Canada's Economic Action Plan



1.5.3 Voted and Statutory Items

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	(\$ millions)	
		Main Estimates	
		2009-2010	2010-2011
1	Operating expenditures	79.6	84.8
5	Grants and contributions	245.2	288.9
(S)	Contributions to employee benefit plans	7.6	8.4
	Total⁶	332.4	382.1

⁶ Forecast spending of \$409.8 million for 2009-2010 (as indicated in paragraph 1.3.2 Activity Planning Summary Table) is \$77.4 million greater than the \$332.4 million indicated in the Main Estimates. This difference is a result of \$63.3 million in new authorities received after the Main Estimates for Canada's Economic Action Plan initiatives (CAF, RInC and Canada Business), \$6.4 million related to Canada's Roadmap to Linguistic Duality, and other authorities received for collective bargaining, other employer salary obligations, infrastructure program operations, and operating budget carry forward items.

Section 2: Analysis of Program Activities by Strategic Outcome

2.1 Strategic Outcome: A Competitive Atlantic Canadian Economy

Performance indicator:

Increase in Atlantic GDP for every dollar of ACOA expenditure
in direct support of business (under review)

Five-year Target: (2008-2009 through 2012-2013)

\$4.50

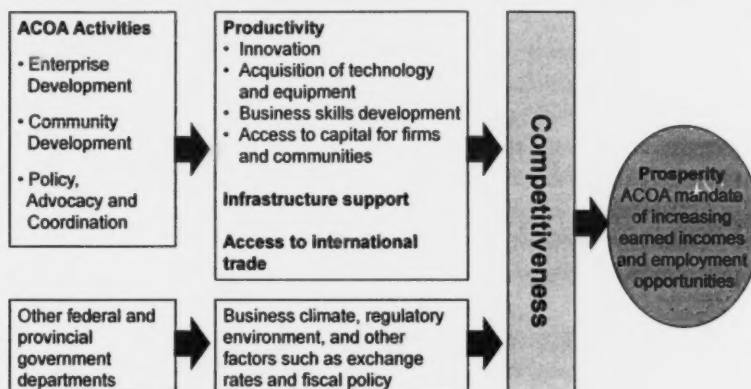
Performance measurement strategy: Measuring the impact on income and employment in Atlantic Canada is a long-term, multi-dimensional undertaking. Accordingly, the Agency will report results every five years, based on analysis of data from Statistics Canada and internal systems, using econometric modelling. This performance indicator is under review and may be adjusted at a later date.

ACOA aims to achieve a competitive Atlantic economy for the long-term benefit of Atlantic Canadians. A competitive region will produce higher levels of income for its citizens, and will grow faster over the medium to long run. A competitive Atlantic Canadian economy increases opportunities for economic development in the region, specifically through the growth of earned incomes and employment opportunities for Atlantic Canadians.

Competitiveness depends on the set of institutions, policies, and factors that determine the capacity of firms to sell their products globally. Productivity is an important determinant of competitiveness, and according to the Organisation for Economic Co-operation and Development (OECD), productivity is the most important source of long-term prosperity for a region. Productivity, defined as the efficiency with which resources are used in the economy, is a key measure of how well small and medium-sized enterprises (SMEs) in Atlantic Canada are performing when compared to those in other regions of the country and elsewhere around the world. Competitiveness and productivity are critical factors that allow companies and communities to adapt to changing market conditions.

Consequently, ACOA focuses its efforts on improving competitiveness in four key areas: productivity, innovation, international trade, and delivering on Canada's Economic Action Plan. To increase the performance of Atlantic SMEs, the Agency targets key productivity drivers, including innovation, the acquisition of technology and equipment, business skills development, and access to capital for firms and communities. ACOA also focuses on trade and investment to increase export capabilities and encourage international trade, and plays a strategic role in supporting community infrastructure required for economic development. By focusing on the four key areas of competitiveness, the Agency, along with its many partners, is able to link its regional economic development priorities to its goal of a competitive Atlantic economy.

Productivity, Competitiveness and the ACOA Mandate



The three program activities – Enterprise Development, Community Development, and Policy, Advocacy and Coordination – combine to address the Agency’s strategic outcome of a competitive Atlantic economy. By emphasizing productivity, the Agency’s various activities and programs are directed at helping Atlantic Canada prosper and compete on a global scale.

2.1.1. Program Activity: Enterprise Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Enterprise Development (1.1)	• Innovation (1.1.1) • Entrepreneurship and Business Skills Development (1.1.2) • Trade (1.1.3) • Investment (1.1.4) • Financing Continuum (1.1.5)

Expected results: Improved growth and competitiveness of Atlantic SMEs

Performance indicator:

Annual Target: (2010-2011)

Survival rate of ACOA-assisted firms

1.5 times higher than comparable firms

Performance measurement strategy: Analysis of data from Statistics Canada and internal systems data. The analysis is carried out by comparing ACOA clients to comparable firms — those that are of similar age, size, sector and geographic region, but have not received a direct monetary contribution from the Agency. The analysis is used to determine the five-year survival rate of businesses starting up over a ten-year period (e.g. 1998 through 2007). Survival rates are calculated annually by tracking firm births (businesses newly identified in the Longitudinal Employment Analysis Program of Statistics Canada) and deaths (businesses no longer identified).

Financial Resources (\$ millions)			Human Resources (FTEs)		
2010-2011	2011-2012	2012-2013	2010-2011	2011-2012	2012-2013
174.3 ⁷	161.3	161.4	214	214	214

Program Activity Summary

ACOA works in partnership with Atlantic Canadian enterprises, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, earned incomes and job creation.

Through sustained efforts in innovation, entrepreneurship and business skills development, as well as in trade and investment, the Enterprise Development objective is to work with SMEs throughout their business life cycle by providing pre-start-up advice, assisting them to start, expand or modernize, or to establish and expand their export activities; partnering with universities and other institutions to increase the region's research and development capacity, commercialization and productivity; and promoting and participating in the region's transition to a knowledge economy.

⁷ Includes funding through Canada's Economic Action Plan in the amount of \$2.6 million. The impact of the termination of CEAP initiatives on workload and reallocation of personnel will be determined in the next planning cycle.

Planning Highlights

In 2010-2011 the Agency will continue to use its resources and programs to maintain its focus on improving the productivity of Atlantic Canadian companies. In the presence of a strong Canadian dollar and intense global competition, the Agency will continue implementing initiatives that improve the commercialization potential of technologies developed in Atlantic Canada.

In the areas of trade and investment, ACOA's efforts will be aligned with Canada's Global Commerce Strategy to increase exports and to attract foreign direct investment. Furthermore, the Agency will continue to encourage technology commercialization, and to promote Atlantic Canada as an exceptional business partner. The Agency will also undertake several projects in support of Canada's Atlantic Gateway, the Americas Strategy, and the India Initiative, in an effort to capitalize to a greater extent on strategic foreign markets and exploit a selection of markets where Atlantic Canada can succeed. For instance, launched by the Atlantic Gateway initiative, economic opportunities in Indian and South Asian markets will be expanded further by the Agency through sectors such as digital media, food processing, life sciences, education, and alternative/clean energy.

Other areas such as research and development, acquiring advanced technologies, and investing in the development of business skills and entrepreneurship will continue to be actively promoted and supported. Particular focus will be placed on facilitating business growth and productivity to ensure Atlantic Canadian SMEs are able to fully participate in the global supply chains.

The Agency will work to implement recommendations from the recent impact evaluation of the program sub-activity Innovation, which focused on reviewing the approach to cluster development; further developing its commercialization strategy; building on the effectiveness of its current innovation strategy and supporting activities; and reviewing the effectiveness and efficiency of its processes.

Finally, renewal of the suite of enterprise development programs will be undertaken, in support of the Agency's long-term strategic direction to ensure that the repositioning is in accordance with the priorities of the Government of Canada.

Benefits for Canadians

Results provided through the recent evaluation of the Innovation program sub-activity demonstrated that ACOA has been successful in investing in R&D, enhancing productivity and commercialization capacity, and fostering partnerships and collaborative arrangements. Collectively, activities undertaken in each of these key areas are helping to strengthen innovation and commercialization capacity in Atlantic Canada. In addition, through the support of the AIF and the BDP (including the Productivity and Business Skills Initiative), the ACOA Innovation program sub-activity is considered to be effective and providing value for money.

Furthermore, ACOA strives to apply its limited resources to areas that offer the greatest potential impacts. Given its mandate, the Agency focuses on Atlantic enterprises that are of small and medium size because they have the most significant and sustained impact on jobs in Atlantic

Canada⁸. By adopting a balanced rural/urban approach in helping SMEs to become more innovative, productive and competitive, the Agency assists all regions of Atlantic Canada to become stronger, thereby facilitating their increased contributions to the national economy.

Canada's Economic Action Plan Initiatives

- *Canada Business*

Budget 2009 provided \$30 million over two years for the renewal of the national Canada Business program. Of this amount, ACOA receives \$2.6 million annually to deliver this program in the Atlantic provinces.

Expected results: Access for Atlantic Canadians to accurate, timely and relevant business information

Performance indicator:

Two-year Target: (2009-2010 through 2010-2011)

Level of client satisfaction

80%

Performance measurement strategy: Undertake analysis of data from client surveys, Canada Business national client survey, and internal database systems/reports. Being able to proceed with a survey of Canada Business clients to determine satisfaction levels is contingent upon approval to conduct public opinion research.

Financial Resources (\$ millions)	
2009-2010	2010-2011
2.6	2.6

To reduce the complexity of dealing with various levels of government, Canada Business provides information on government services, programs, regulations and resources for business through a website, walk-in centres, and by phone. Fiscal year 2010-2011 will see further implementation of a revised service strategy involving enhancements to phone services, as well as an enhanced emphasis on outreach and awareness of services.

⁸ Between 2000 and 2005, 93% of jobs created by firms in Atlantic Canada were attributed to small businesses. Calculation generated using data from Statistics Canada Longitudinal Employment Analysis Program.

2.1.2 Program Activity: Community Development

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Community Development (1.2)	- Community Mobilization (1.2.1) - Community-based Business Development (1.2.2) - Community Investment (1.2.3) - Infrastructure Programming (1.2.4)

Expected results: Dynamic and sustainable communities for Atlantic Canada

Performance indicator:

Annual Target: (2010-2011)

Increased capacity in community decision making, planning and delivery

Evidence of impact, resulting from evaluations, and supported by data

Number of new business start-ups that have received funding from CBDCs

766

Number of businesses that have received funding from CBDCs to stabilize or expand operations

876

Performance measurement strategy: Analysis of CBDC report data, internal systems data, and evaluation reports, when available.

Financial Resources (\$ millions)			Human Resources (FTEs)		
2010-2011	2011-2012	2012-2013	2010-2011	2011-2012	2012-2013
160.4 ⁹	89.3	87.2	93	93	93

Program Activity Summary

The Atlantic economy is built on the region's many geographic, linguistic and cultural communities. From small remote villages to larger urban centres, the opportunities and challenges vary significantly. ACOA recognizes the importance of these communities in an economic development framework, and supports their efforts to assume full responsibility for their own economic development. The Agency believes that effective community development is a bottom-up process, and that many communities require help to develop the tools, resources and initiatives that support individual and unique strategic development. This kind of development requires a flexible approach, based on the particular realities of the communities being targeted. Working in close co-operation with communities and community-led organizations involved in economic development planning and mobilization efforts, ACOA provides strategic funding that enables communities to strengthen their economic base and increase prosperity for their citizens. The Agency continues to focus efforts on promoting the vitality of official language minority communities and Aboriginal communities.

⁹ Includes funding through Canada's Economic Action Plan in the amount of \$69.4 million. The impact of the termination of CEAP initiatives on workload and reallocation of personnel will be determined in the next planning cycle.

ACOA uses its various programs, in particular the Business Development Program, Innovative Communities Fund, and the Community Futures Program, to stimulate economic development at the community level. In addition, the Agency works with other federal departments (such as Infrastructure Canada) and provincial governments to ensure the flow of federal funds allocated to each region through the various federal and provincial infrastructure funding streams. These programs serve to provide significant economic stimulus, while at the same time ensuring the maintenance of quality public infrastructure and services, which are essential building blocks to the future economic well-being of communities. These investments are key in laying a foundation for addressing the region's productivity and competitiveness issues.

Planning Highlights

Significant efforts will be made in the delivery of Canada's Economic Action Plan initiatives such as the Community Adjustment Fund (CAF) and Recreational Infrastructure Canada (RIInC). ACOA will work closely with federal and provincial partners, as well as with municipalities, to ensure that infrastructure investments deliver maximum benefits to the region in a timely fashion. (Additional details are provided later in this subsection under the title Canada's Economic Action Plan Initiatives.)

In 2010-2011, ACOA will continue to develop strategies that support opportunities benefitting the region's rural and urban areas by investing in initiatives that provide value for investment, while at the same time addressing local, community-based priorities. ACOA will accomplish this by working directly with communities, as well as through a network of community development organizations.

The Agency will focus its investment on sustainable, high-quality projects through strategic use of resources and expertise, and rigorous management of projects. The Agency also plans to act on improvements suggested in evaluations and audits to develop and implement new approaches with the Regional Economic Development Organizations (REDOs), including performance-based models and increased engagement with key community development stakeholder groups.

ACOA will continue its work with the 41 Community Business Development Corporations (CBDCs) across Atlantic Canada that provide important access to capital to small businesses in rural communities. Success will be measured through the number of CBDC investments to start up new businesses or stabilize or expand operations of existing businesses.

The renewal of ACOA's community development program activities will be implemented in a manner that is consistent with Government of Canada priorities and responds to the emerging opportunities of urban and rural communities in the region.

Benefits for Canadians

Atlantic Canada remains one of the most rural regions in Canada, with more than 40% of its population located in rural communities. The region did not escape the impacts of the worldwide economic downturn that began in late 2008 – including tightened lending conditions. Through ACOA's programs and networks, which include rural community development organizations, small and medium-sized businesses are able to access capital and adjust to the changing economy and thereby retain jobs that would have otherwise been at risk. ACOA is well positioned to implement the stimulus funding programs established in Canada's Economic Action Plan. Through these efforts, Atlantic businesses, as well as communities, will be better equipped to recover from the downturn.

Recently completed independent evaluations¹⁰ of ACOA's community development programming confirm that this type of assistance not only helps small businesses grow and prosper in rural communities, but also directly contributes to the capacity and readiness of communities to develop and carry out further community economic development initiatives. In Atlantic Canadian rural communities, traditional sources of funding are limited, and these outcomes would not be achievable in the absence of ACOA programming. These evaluations also conclude that this programming is relevant to the needs of communities across the region, and continues to be well-aligned with government-wide priorities. ACOA believes that, through its community-based initiatives, it is providing appropriate and targeted responses to the unique and challenging economic circumstances throughout Atlantic Canada.

Canada's Economic Action Plan Initiatives

As indicated above, ACOA will continue to be the region's primary instrument for delivering the federal economic development measures under Canada's Economic Action Plan as announced in Budget 2009, through CAF and RInC. The following two subsections provide additional information on the financial resources invested, as well as the performance objectives for both stimulus programs.¹¹

In an effort to avoid duplication and ensure consistency, ACOA will rely on the national estimates of job creation produced by the Department of Finance. This will be further supported by examples of job creation provided by ACOA clients that receive funding under Canada's Economic Action Plan programs.

¹⁰ Atlantic Canada Opportunities Agency, *Evaluation of the Atlantic Canada Opportunities Agency Community Investment, Community Development Resources, Official Language Minority Communities and Aboriginal Communities Program Sub-Activities*, December 3, 2009; and Atlantic Canada Opportunities Agency, *Evaluation of the Community Futures Program in Atlantic Canada*, June 2009.

¹¹ Performance measurement and financial information are being reported under this program activity (Community Development) and under the program sub-activities of Community Investment and Infrastructure Programming (see the RPP supplementary document regarding program sub-activities on ACOA's website at http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/RPP_2010-2011_1.aspx).

- **Community Adjustment Fund**

Expected results: Projects will result in viable and more diversified communities, as evidenced by a greater degree of integrated community-based decision making, improved strategic community infrastructure, improved skills in the community and improved access to the skills needed in the community, strengthened community, and sustained partnerships after the projects.

Performance indicator:	Two-year Target: (2009-2010 through 2010-2011)
Number of projects and initiatives generated	150
Dollar value of investments created in enterprises or communities	\$260 million
Enterprises created, maintained, or expanded	12

Performance measurement strategy: Analysis of data collected from internal systems and other client and project tracking systems.

Financial Resources (\$ millions)	
2009-2010	2010-2011
50.3	50.1

Budget 2009 recognized that communities across Canada were suffering as a result of an economic downturn, and provided \$1 billion over two years to establish the Community Adjustment Fund (CAF) to provide economic stimulus that would mitigate the short-term impacts of the economic downturn by creating employment opportunities, and address transitional and adjustment challenges in restructuring communities. CAF is aligned with ACOA's Community Development program activity, and is tied to the expected result of improved capacity to address economic and business development needs and opportunities. ACOA anticipates investing over \$98 million during the two-year program's lifespan.

- **Recreational Infrastructure Canada**

Expected results: Timely, targeted, and temporary stimulus to the Canadian economy, and mitigation of the impacts of the global economic recession, by increasing the total amount of construction activity related to recreational infrastructure.

Performance indicator:

Two-year Target: (2009-2010 through 2010-2011)

Demonstrated linkages between projects and economic opportunities

Evidence of impact through examples provided by clients

Dollars leveraged on federal investments

2:1 (every dollar invested by RInC will leverage two dollars)

Number of projects successfully completed

200

Performance measurement strategy: Analysis of data collected from internal systems, client progress reports and anecdotal information from client interviews.

Financial Resources (\$ millions)	
2009-2010	2010-2011
10.4	24.3

Another initiative under the Economic Action Plan, Recreational Infrastructure Canada (RInC), provides \$500 million nationally for projects to rehabilitate recreational facilities across Canada, which must be completed by March 31, 2011. Through RInC, the Government of Canada has committed over two years to support upgrades and repairs of existing recreational assets, including new construction that adds to or replaces existing recreational infrastructure asset or capacity. This national initiative is expected to provide a timely, targeted, and temporary stimulus to the Canadian economy, and help mitigate the impacts of the global economic recession, by increasing the total amount of construction activity related to recreational infrastructure. ACOA anticipates investing \$34 million through RInC and leveraging another \$68 million from other funding partners.

2.1.3 Program Activity: Policy, Advocacy and Coordination

STRATEGIC OUTCOME	PROGRAM ACTIVITY	PROGRAM SUB-ACTIVITY
A competitive Atlantic Canadian economy (1.0)	Policy, Advocacy and Coordination (1.3)	• Policy (1.3.1) • Advocacy (1.3.2) • Coordination (1.3.3)

Expected results: Policies and programs that strengthen the Atlantic economy.

Performance indicator:

Atlantic regional economic policies and programs that respond to regional development opportunities

Annual Target: (2010-2011)

Continued government support to Agency priorities, collaboration with other federal departments, and engagement with other partners in Atlantic Canada in areas that will contribute to increasing the competitiveness of Atlantic Canada's economy

Performance measurement strategy: Analysis of information from ACOA's Policy Network and key informant surveys, evaluations and qualitative reviews, as well as indicators from the federal budget, Speech from the Throne, and decisions by central agencies.

Financial Resources (\$ millions)			Human Resources (FTEs)		
2010-2011	2011-2012	2012-2013	2010-2011	2011-2012	2012-2013
11.5	11.5	11.4	91	91	91

Program Activity Summary

ACOA's Policy, Advocacy and Coordination (PAC) program activity is central to identifying and effectively responding to opportunities and challenges facing the regional economy. PAC provides intelligence, analysis and well-grounded advice on a broad range of issues and topics, and informs and supports decision making by the Agency and the minister. PAC helps carry the Agency's agenda forward, and ensures that ACOA remains relevant and responsive to the opportunities and challenges facing Atlantic Canada. PAC offers strategic, researched policy positions that reflect the region's potential; influences national policies and programs that affect Atlantic Canada's development and interests; and coordinates other policies and programs within the region to form integrated approaches to development.

Planning Highlights

During the upcoming year, ACOA will work to ensure that government initiatives are responsive to the challenges and opportunities of the Atlantic Canadian economy. The Agency will continue its PAC procurement advocacy efforts that, over the past five years, have helped secure over \$1.5 billion in industrial and regional benefit commitments for Atlantic Canadian firms, and have helped contribute to a strong and thriving aerospace and defence industry in the region. ACOA will also advocate for the interests of Atlantic Canada in other key horizontal or sectoral files to make government initiatives more responsive to the needs of Atlantic Canadians. The Agency will also focus its efforts on key issues reflecting both Atlantic Canadian priorities and the federal agenda, so that Atlantic regional economic policies and programs respond to regional development opportunities.

Analysis, coordination and advocacy support to better align the productivity and competitiveness priorities of the Agency will remain a top priority in 2010-2011. ACOA will continue its work to ensure programs and activities are responsive and relevant to national priorities, while emphasizing the Agency's critical role in delivering the federal agenda in Atlantic Canada.

The Agency will continue in 2010-2011 to lead the coordination and integration of Atlantic Gateway activities across federal departments, provincial governments, private sector partners, gateway councils, and other stakeholders in the region.

Under the direction and leadership of the ACOA Energy Team/Atlantic Canada Energy Office, the Atlantic Energy Gateway initiative will aim to facilitate development of the Atlantic renewable energy sector by fostering collaboration, common understanding, and communication among governments, and between governments and the private sector, to maximize and expedite the development of renewable energy resources in the region.

Efforts will also continue toward ACOA program renewal by providing analytical and policy support to the Agency's implementation of renewed priorities.

Benefits for Canadians

The PAC program activity assists the Agency in aligning itself with federal government priorities. PAC efforts in areas relating to the Atlantic Gateway, human capital development, urban and rural issues, the competitiveness of businesses, and the overall economic expansion of the region will benefit Atlantic Canadians, as well as the country as a whole. Through PAC, ACOA continues its collaborative efforts with other government partners and various stakeholders to ensure the Agency has an approach that corresponds to opportunities and challenges facing businesses and communities in the region.

In 2010-2011 ACOA's PAC program activity will assist the region in facing challenges affecting Atlantic Canada's overall economic vitality. Demographic trends and an uncertain economic environment will be key factors as ACOA works with its partners to move forward on initiatives related to promoting Atlantic Canada as a business destination, the attraction of new businesses, and the undertaking of new research.

2.1.4 Program Activity: Internal Services

Financial Resources (\$ millions)			Human Resources (FTEs)		
2010-2011	2011-2012	2012-2013	2010-2011	2011-2012	2012-2013
35.9	36.0	36.0	313	313	313

Program Activity Summary

Internal Services are groups of related activities and resources that support the needs of programs and other corporate obligations of an organization. These groups are management and oversight services, communications, legal services, human resources management, financial management, information management, information technology, real property services, materiel services, acquisitions, and travel and other administrative services. Internal Services includes only those activities and resources that apply across an organization, and not those provided specifically to a program.

Section 3: Supplementary Information

3.1 Supplementary Information Tables

The following tables are located on the Treasury Board of Canada Secretariat's website at <http://www.tbs-sct.gc.ca/rpp/2010-11/index-eng.asp>:

- Details on transfer payment programs
- Upcoming evaluations and internal audits (over the next three years)
- Green procurement
- Horizontal initiatives
- Sources of non-respendable revenue

3.2 Other Items of Interest

Information on ACOA's organizational structure is available on the Agency's website at <http://www.acoa-apeca.gc.ca/English/WhoWeAre/OurPeople/Pages/home.aspx>.

The following additional information is available on ACOA's website at http://www.acoa-apeca.gc.ca/English/publications/ParliamentaryReports/Pages/RPP_2010-2011_1.aspx.

- Three-Year Plan for Transfer Payment Programs
- Repayable Contributions Portfolio of the Business Development Program
- The Atlantic Canadian Economy in 2009
- Information on program sub-activities of ACOA's Program Activity Architecture
 - Innovation
 - Entrepreneurship and Business Skills Development
 - Trade
 - Investment
 - Financing Continuum
 - Community Mobilization
 - Community-based Business Development
 - Community Investment
 - Infrastructure Programming
 - Policy
 - Advocacy
 - Coordination